



COMMONWEALTH of VIRGINIA

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Secretary of Transportation

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MEMORANDUM

Mr. Young Ho Chang
Director, Fairfax County Department of Transportation

FROM: Pierce R. Homer **PH**
Deputy Secretary of Transportation

Response to Questions of Supervisor Kaufmann

Supervisor Kaufmann provided us with 11 questions relating to the I-495 HOT lane proposal. I can appropriately respond to six of those questions and believe that the private proposer can respond to the other five questions.

- What is the extent of potential (financial) exposure for the State and our County? – This proposal has no financial exposure for Fairfax County. The proposal assumes a public sector investment of approximately \$91 million for 13 percent of the total capital cost. We do not necessarily agree with this assumption. However, if public sector funds were committed to this proposal, they likely would be made available from Federal Interstate or National Highway System funds. They could not come from allocations directly attributable to Fairfax County.
- What does this (possible debt issuance through another governmental entity) mean for potential State or County funding requirements? – The Commonwealth would have strong reservations on any proposal that threatened the creditworthiness of the Commonwealth or Fairfax County. The proposal calls for non-recourse, toll revenue bonds issued by a private, not-for-profit corporation.
- Would it be cheaper/more effective for Fairfax County or the State to fund the project with our own revenue bonds? – The Commonwealth does not have sufficient debt capacity to finance this project and given the competing capital needs of Fairfax County I suspect the County does not have additional debt capacity to finance this project either. Also, having the Commonwealth or the County issue this debt would shift the financial risk from the bondholders to the public sector.

- From what sources would the \$91 million in State capital funds be drawn? Once given approval, what public involvement is included in any decision making process that would reduce the scope of the project? - As indicated above, to the extent that public sector investments are required, they likely would be drawn from Federal Interstate or National Highway funding sources. The Environmental Impact Statement will govern the scope of any improvements in the I-495 corridor. The public comment process is already under way and will continue up until the Commonwealth Transportation Board makes a final location decision, likely in 2004. Any reductions in the scope would need to be approved – following public comment – in the Constrained Long Range Plan (National Capital Transportation Planning Board) the Six-Year Improvement Plan (Commonwealth Transportation Board) and the Transportation Improvement Program (National Capital Transportation Planning Board).
- From what source would state operating and enforcement dollars be drawn? – The operations, maintenance, and enforcement funds for these improvements would, under this proposal, come from the Highway and Maintenance Operating Fund. This is the statewide fund that supports all maintenance and operational activities on state highways across the Commonwealth. No county funds would be involved in the operations, maintenance, or enforcement on these improvements.
- Who judges whether or not a project would compete with the HOT Lanes? Would express bus or a light rail facility pose such a threat? – Competing facility requirements are quite common in toll road financing. The Commonwealth would need to carefully consider any such proposal. At this time, the Commonwealth is unprepared to accept any limitations on bus or rail facilities in the corridor. The Commonwealth may consider a limitation on the widening of the mainline of the beltway if it could be shown to be in the long-term public interest. The process and terms of any competing facility requirement would need to be spelled out in a comprehensive agreement between the Department of Transportation and the private proposer.

I hope these responses are helpful and would encourage and welcome any additional questions. Also, for your information, I have attached copies of the PPTA evaluation of criteria that were requested by Supervisor Kaufmann.

PRH:es

Attachments

Copy: PPTA Advisory Panel Members
Mr. Gary Groat